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Message Text

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12
ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 PA-02 PRS-01

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R 220247Z JUL 75
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 6230
INFO USMISSION OECD PARIS
AMCONSUL BRISBANE
AMCONSUL MELBOURNE
AMCONSUL PERTH
AMCONSUL SYDNEY

UNCLAS CANBERRA 4853

EO 11652: NA.
TAGS: EGEN, AS
SUBJECT: UNEMPLOYMENT, INFLATION RATES SHOW SOME IMPROVEMENT.

1. SUMMARY: DEPARTMENT OF LABOR AND IMMIGRATION REPORTED JULY 14 THAT UNEMPLOYMENT RATE AT END OF JUNE WAS 4.09 PCT. COMPARED TO 4.13 PCT. END OF PREVIOUS MONTH. THIS FOLLOWED JULY 18 BY RELEASE OF CPI FIGURES FOR MARCH-JUNE QUARTER SHOWING 3.5 PCT. RISE AS OPPOSED TO 3.6 PCT. FOR PREVIOUS QUARTER AND 4.1 PCT. FOR SAME QUARTER 1974. THESE RESULTS APPEAR TO LEAD TO NO PARTICULAR CONCLUSION OTHER THAN UNEMPLOYMENT HAS STABILIZED FOR TIME BEING AT RELATIVELY HIGH FIGURE AND INFLATION RATE HAS NOT REACHED RUNAWAY LEVEL. END SUMMARY.

2. ON SEASONALLY ADJUSTED BASIS UNEMPLOYMENT AT END OF JUNE STOOD AT 4.52 PCT., IDENTICAL FIGURE AS END OF MAY AND SECOND HIGHEST ON RECORD. NUMBER OF VACANCIES DECLINED 5.4 PCT. IN JUNE, SLIGHTLY BETTER THAN MAY'S FIGURE
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OF 5.7 PCT. SOMEWHAT, ALTHOUGH NO MUCH, MORE ENCOURAGEMENT

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COULD BE TAKEN FROM FIGURES FOR CPI INCREASE WHICH, FOR THIRD QUARTER IN SUCCESSION, DECLINED. FOR FIRST TIME SINCE CURRENT INFLATION BEGAN IN 1972 TWELVE-MONTH FIGURE SHOWED SLIGHT DECLINE TO 16.9 PCT. FROM 17.6 PCT. LAST QUARTER. GREATEST FALL WAS IN MISCELLANEOUS COMPONENT, WHICH INCLUDES TRANSPORTATION FARES, AUTOMOBILES AND AUTOMOTIVE SERVICES, POSTAL AND TELEPHONE SERVICES, HEALTH, ETC. THIS GROUP ROSE BY 2.6 PCT. COMPARED WITH 6.3 PCT. IN PREVIOUS QUARTER. FOOD COMPONENT ROSE BY 3.4 PCT. COMPARED WITH 1.1 PCT. IN MARCH QUARTER. FOOD GROUP INDEX, ALSO AVAILABLE ON MONTHLY BASIS, SHOWED RISE OF ONLY 0.4 PCT. IN MONTH OF JUNE, A FURTHER MODERATELY POSITIVE SIGN. TREASUR HAYDEN IS REPORTED TO HAVE "REACTED CAUTIOUSLY" TO CPI RESULTS, HOWEVER, POINTING OUT THAT AUSTRALIA'S INFLATION RATE STILL DID NOT COMPARE WELL WITH MORE SIGNIFICANT RECENT IMPROVEMENTS IN MANY OVERSEAS COUNTRIES.

3. COMMENT: BEST THAT CAN BE CONCLUDED FROM THESE FIGURES IS THAT NEITHER UNEMPLOYMENT NOR INFLATION HAS WORSENED. MUCH REMAINS TO BE WORKED OUT OVER NEXT FEW MONTHS WHICH WILL HAVE CRUCIAL BEARING ON BOTH PROBLEMS. MANNER IN WHICH CURRENT STANDOFF BETWEEN GOVERNMENT AND TRADE UNIONS ON QUESTION OF WAGE INDEXATION IS RESOLVED IS OF CRITICAL SIGNIFICANCE. SHAPE OF NEW BUDGET CURRENTLY UNDER PREPARATION FOR PRESENTATION AUGUST 19 WILL OBVIOUSLY BE IMPORTANT. FINALLY, POSSIBILITY OF NEW EXPORT COMMODITIES PRICE BOOM WITH RESULTING INFLOWS OF UNWANTED LIQUIDITY WILL BEAR WATCHING. LATEST SOVIET GRAIN PURCHASES, FOR EXAMPLE, HAVE RENEWED SPECULATION IN THIS REGARD. NEVERTHELESS, WHITLAM GOVERNMENT CAN ARGUE WITH SOME BASIS THAT IT HAS BEGUN SLOW PROCESS OF TURNING ECONOMY AROUND. END COMMENT.
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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